



United States Attorney Southern District of Texas

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U. S. Attorney's Briefing



In this Newsletter, we high-light the Laredo Division of our district. Laredo is one of the fastest growing cities in the United States, and is quickly becoming the country's front door to Central and South America. More interna-

tional trade passes through the Laredo Customs District than through the West Texas, New Mexico, Arizona and Southern California ports of entry combined. With the huge volume of international trade, it is not surprising there is substantial criminal activity that shadows legitimate cross-border commerce. The lawyers of our Laredo Branch Office have the highest case loads of any Federal prosecutors in the nation. They have met extraordinary challenges in managing cases with extraordinary innovation, dedication and hard work.

Criminal cases in the Laredo Division typically involve narcotics trafficking and immigration offenses. The recent public corruption trial involving case fixing in Webb County is an example of broader issues being addressed. I am proud of the prosecution team and the Public Corruption Task Force for their hard work and dedication in this case. The Laredo community can take great pride in the professionalism of the Chief of Police, Augustin Dovalina, and the Laredo Police Department's investigators who worked on this investigation.

This report and additional information concerning our activities are available on our Web site: www.usdoj.gov/usao/txs. Your comments and suggestions are welcome at the above address, or by email: usatty.txs@usdoj.gov.

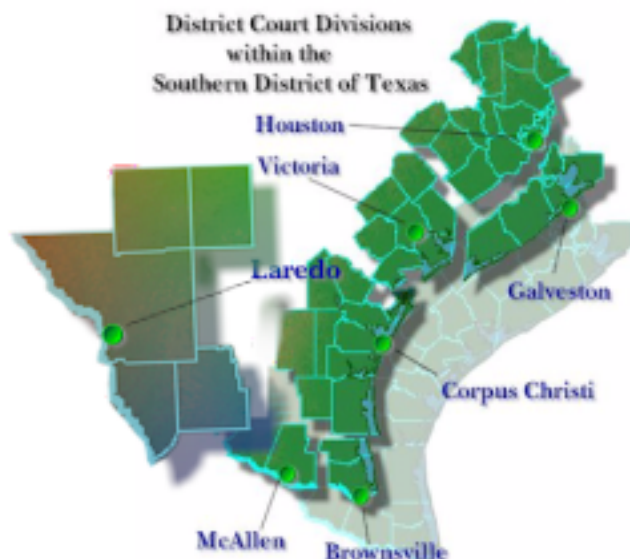
Webb County Corruption Trial

In September, five defendants were found guilty of conspiracy to commit Hobbs Act violations in a case-fixing scheme involving the Webb County District Attorney's Office in Laredo. Defendants Agustin Mendoza, Jose M. Rubio, Sr., Carlos Rubio, Juan Alfonso Rodriguez, and Gregorio Jesus Castañeda face up to 20 years and a \$250,000 fine on each count for which they were found guilty. This trial is part of an extensive public corruption investigation that became public with the execution of federal search warrants at the Webb County District Attorney's Office, the office of local bail bondsman Gregorio Jesus Castaneda, the Laredo law office of Ruben Garcia, and the home of Jose Rubio, Sr., the father of the District Attorney.

In 1998, attorney and former state District Judge Ruben Garcia pled guilty to a criminal information charging him with case fixing under the Hobbs Act. That same year a federal grand jury sitting in Laredo returned an indictment charging Webb County Assistant District Attorney Ramon Villafranca and others with conspiracy to commit Hobbs Act violations in the case fixing scheme with Ruben Garcia. Villafranca stood trial in Laredo in 1999, and was found guilty.

This current trial stemmed from the July 1999 indictment of ten defendants with 21 counts of Hobbs Act and conspiracy violations relating to case fixing in Webb County. Those charged were a Laredo Police Officer, two Webb County Assistant DAs, three District Attorney Investigators, a bail bondsman, and the father, brother and cousin of the District Attorney. AUSA: Don DeGabrielle, Trey Martinez, Marina Marmolejo-Garcia; AGENCY: FBI, Laredo PD, U.S. Customs, U.S. Border Patrol & IRS.

LAREDO CASE HIGHLIGHTS



SUV Gets About 10 Months Per Kilo

Rodolfo Cantu-Barajas was north bound on I-35 and stopped at the U.S. Border Patrol Checkpoint 15 miles. He acknowledged his Mexican citizenship and identified himself as the owner of the sport utility vehicle. Cantu-Barajas claimed that his father was the owner of the vehicle. Border Patrol agents found 19 bundles of cocaine concealed in a hidden, reusable compartment built into the gas tank of SUV. Most of the volume of the 25-gallon tank was consumed by the cocaine, allowing the tank to hold no more than 8 to 10 gallons of gasoline. A jury returned a guilty verdict following two days of trial. The cocaine was valued at \$234,000 to dealers in Laredo, and up to \$2.16 million if sold on the street to consumers in Chicago. Cantu-Barajas, 24, of Monclova, Coahuila, Mexico, was sentenced by U. S. District Judge George P. Kazen to 188 months imprisonment. AUSA Dixie Morrow; AGENCY; U. S. Border Patrol & DEA.

Trip to San Antonio Leads to 7-Year Stay

Julio Cesar Hervert-Carrillo, 27, a high school history teacher in Mexico City, along with a juvenile stopped at the Border Patrol Checkpoint located on IH-35, north of Laredo. A search of his car recovered 34 bundles of cocaine concealed within the rear quarter panels of the car.

Hervert-Carrillo admitted that he and the juvenile were transporting the cocaine to San Antonio for fees of \$3,000 each. The cocaine was valued at \$364,000 to dealers in Laredo, and over \$2 million if sold retail on the street to consumers in San Antonio. Hervert-Carrillo was sentenced by Chief U.S. District Judge George Kazen to 87 months. AUSA: Dixie Morrow; AGENCY: U. S. Border Patrol & DEA.

Sandwich Wrap Leads to Ton of Marijuana

Narcotics investigators became suspicious when Albert Garcia-Meza started buying cellophane wrap in quantities that would package more sandwiches that one could eat in a lifetime. Surveillance and a search of his Laredo residence led agents to over a ton of marijuana stored in a laundry room and a van parked in his carport. Agents learned that Aldolfo Cervates-Oregon transported the marijuana to Laredo on behalf of a Mexican sponsor. The estimated retail value of the marijuana was up to \$2 million on the street in the mid-western United States. Garcia Meza and Cervantes-Oregon pled guilty and were sentenced to 50 and 56 months, respectively. AUSA Dixie Morrow; AGENCY: DEA & Laredo PD.

Mexican National Convicted in Methamphetamine

Jose Miguel Chavez-Arellano, 25, of Las Colonias, Michoacan, Mexico, was convicted in Laredo of Conspiracy and Possession of 14 pounds of Methamphetamine by a jury in Judge Ellison's Court. The defendant was arrested after an undercover DEA investigation documented meetings between the defendant and a co-conspirator. AUSA: Andy Guardiola; AGENCY: DEA.

Welcome Back Warrant

In February 1999, U. S. Border Patrol agents seized a tractor trailer at the IH-35 checkpoint which contained over 2.5 tons of marijuana and 48 pounds of cocaine hidden within a shipment of Mexican cookies. The truck belonged to Alejandro Valenzuela who along with other co-conspirators, disappeared immediately following the seizure. Sixteen months later Valenzuela was arrested in Michigan while driving a tractor trailer with a legitimate load for a Laredo company. Valenzuela admitted that he had fled to Mexico but returned to

the U.S. after assurances from his cousin, a police officer, that there were no warrants for his arrest. Valenzuela pled guilty to drug trafficking and conspiracy and will be sentenced in November. AUSA: Mary Lou Castillo; AGENCY: DEA & Border Patrol.

Guns Add 5 Years to Speeding Ticket

Raul Guardiola, Jr. was stopped by a Laredo police officer for speeding. During the stop, the officer found a fully loaded .357 magnum revolver and six additional rounds from in front of the driver's seat, with the revolver grip positioned within easy reach. A loaded .22 caliber rifle and a 12-gauge shotgun were also recovered. Like all convicted felons, Guardiola was prohibited from possessing firearms. Guardiola had been convicted in Texas courts of aggravated assault and of possession of cocaine. He was sentenced to five years and five months for the gun possession. AUSA Dixie Morrow; AGENCY: ATF & Laredo PD.

FDA Indictment Returned in Laredo

A grand jury returned a six-count indictment against a Laredo man alleging violations of the Federal Food, Drug, and Cosmetic Act. The indictment accuses the defendant of introducing and delivering misbranded drugs into interstate commerce from the Republic of Mexico, with intent to defraud and mislead. The indictment alleges that each drug was misbranded because the labeling did not bear adequate directions for use, and because the drugs were labeled in Spanish, and therefore not in terms that rendered them likely to be read and understood by the ordinary consumer under customary conditions of purchase and use. The misbranded drugs included a variety of pharmaceuticals, including antibiotics. The maximum sentence the defendant faces on each count is up to three years imprisonment and up to a \$250,000 fine. AUSA: Dixie Morrow; AGENCY: Border Patrol, Customs, FDA.

Money Laundering in Laredo

A grand jury returned a four-count indictment against a manager of Alfa Money Exchange in Laredo. The indictment alleging violations of the currency reporting statute and laundering of monetary instruments resulted from a comprehensive Internal Revenue Service investigation of financial activities along the Southwest Texas border.

The indictment alleges that the defendant filed a false Currency Transaction Report involving the exchange of \$22,000 for Mexican pesos. The defendant is also charged with conducting financial transactions with money represented to him by an undercover law enforcement officer to be the proceeds of the sale and distribution of cocaine. The defendant faces up to 20 years in prison and fines up to \$250,000. AUSA: Noelle Dalrymple; AGENCY: IRS-CID.

Laredo Bail Bondsman Charged in Income Tax Case

A Laredo bail bondsman was indicted by a grand jury for filing false individual income tax returns. The indictment alleges that the defendant failed to report the total amount of income received, the total amount of gross business receipts received, and interest income from the owner-financed sale of real property. The maximum sentence the defendant faces for each count is 3 years in prison and a fine up to \$250,000. AUSA: Joel Gonzalez; AGENCY: IRS.

Government Cashier Charged with Theft

A former U. S. Customs Fund cashier in Laredo was charged with stealing approximately \$4,477 from the U. S. Government. The indictment alleges criminal conduct in creating official reports purportedly authorizing payment of funds to a confidential informant. She faces up to ten years in prison and up to a \$250,000 fine. AUSA Dixie Morrow; AGENCY: Customs OIA.

Three Men and a Car

In April, the Laredo Police Department received an anonymous tip that individuals were seen loading bundles into a car. Officers followed the car several blocks until it stopped at a residence. The officers searched the car and discovered several large bundles of cocaine in the back seat and trunk and a loaded 9 mm. clip in the front seat. Ezequiel Villarreal, Norberto Agredano and Alberto Joel Torres-Duron were convicted of conspiracy and possession with intent to distribute 722 pounds of cocaine. Both defendants were passengers in a car driven by co-defendant Ezequiel Villarreal. The defendants face life in prison and a fine of up to \$4 million for the cocaine which had an estimated street value of nearly \$7 million. AUSA Joel Gonzalez; AGENCY: Laredo PD & DEA.

DRUGS

Drug Ring Leader Sentenced to 30 Years

Hernan Payan-Paz was the organizer of a multi-state cocaine and money laundering operation. Federal and state agents seized over 4,000 kilograms of cocaine in Texas, Mississippi, Louisiana, Florida, New York and Pennsylvania as well as handguns and nearly \$2 million in drug proceeds during the investigation. Payan-Paz received a 30 year sentence on his guilty plea on drug trafficking charges. AUSA: Martha Vara; AGENCY: OCDETF.

Galveston Gang Members Sentenced

Leon Moore, Jr. was known in Galveston as an "O.G." (original gangster) in the Cedar Terrace Crips. Timothy Terrell Day was a member of the 29th Street Crips. Moore and Day were watched by a team of Galveston PD and OCDETF investigators looking into Galveston narcotics trafficking. They learned that Day and Moore worked together in setting up drug deals in the Galveston area. Day was arrested and charged separately and cooperated with investigators. He was sentenced to 5 years for his role in the cocaine trafficking. Evidence against Moore included robbery of other drug dealers, using a variety of suppliers for cocaine, and recruiting others to sell cocaine on the streets of Galveston. U.S. District Judge Kent sentenced Moore to 27 years. AUSA: Ken Dies; AGENCY: OCDETF & Galveston PD.

Drug Enterprise Dismantled, Kingpin Sentenced

Beginning in 1991, the Moreno- Riojas drug trafficking organization of Starr County began delivering large quantities of marijuana to Rudy Arias at the Post Road Ranch where it would be unloaded, stored, repackage until its eventual delivery to Arias customers. Arias used drug money to purchase surrounding properties to form a compound which served as a controlled environment where family members including cousin, Adrian Cruz, resided and from which the organization operated.

The organization was a well-planned, family-run operation. The investigation required several court authorized wiretaps installed on the two residences located at the compound. These wiretaps together with an undercover operation resulted in the distribution over 1,700 pounds of marijuana to undercover law enforcement officers. Investigators found that during its decade long existence, the Rudolfo Arias organization distributed approximately 15, 000 pounds of marijuana and generated approximately \$8 million in drug proceeds. Arias was arrested and sentenced to 33 years and 9 months. Cruz received 103 month sentence. Other members of the organization have received sentences of 15 months to 135 months. AUSA: Judith Lombardino; AGENCY: ODDETF.

Former Police Officer Sentenced in Drug Trafficking Case

Mario Espinosa was caught at the Brownsville/ Matamoros Bridge border check point trying to smuggle a 72 pound load of marijuana in the U.S. concealed in the tires of a Ford pickup truck. Investigators found that the truck was owned by Ray Cruz, former Galveston police officer. Espinosa was indicted on drug trafficking charges and entered a guilty plea immediately before jury selection. Espinoza identified Cruz in open court as the person for whom he smuggled marijuana into the country. Further investigation linked Ray Cruz's brother, Marcos Cruz, to the drug trafficking conspiracy. The Cruz brothers were convicted this summer after a three week trial in which several cooperating and convicted drug dealers from Galveston identified the two as persons from whom and for whom they would buy and sell various quantities of cocaine, crack cocaine and marijuana. The trial included evidence that the two paid others to "cook" or "rock" the powder cocaine they acquired before they would sell it to their various customers. Ray Cruz was sentenced to 188 months with no probation or parole after a Houston jury convicted him of leading the conspiracy. Marcus Cruz was sentenced to 10 years without probation or parole for his part. Espinosa was sentenced to 15 months after his plea of guilty to aiding and abetting Ray Cruz. AUSA: Ken Dies; AGENCY: DEA, Galveston PD, League City PD.

Delivery Earns 9 Years, Not \$200

Alberto Hernandez admitted that he was going to be paid \$200 for crossing the car from Mexico to Brownsville. A total of 38 packages of methamphetamine weighing over 16 kilos were found concealed inside the rocker panels of a Ford Mustang as it was entering the Brownsville Port. Hernandez was sentenced to 112 months in prison for possession of methamphetamine. AUSA Joe Esquivel; AGENCY: DEA & U. S. Border Patrol.

Man Named Pooh Sentenced

Melvin Dwayne Osborne was known in the communities where he sold his drugs as "Pooh". He was part of a drug trafficking conspiracy that included George McDuffie, a former drug counselor. The lead defendant, Joseph Antoine, Jr., had been a target of a High Intensity Drug Task Area squad in Houston for several months. Dallas and Garland/Terrell Narcotics officers had been investigating the activities of Osborne and many of his drug trafficking associates for several months, almost simultaneously with Houston Law Enforcement Agencies. Osbourne was arrested, charged, and convicted of drug trafficking and conspiracy. He will be in a Federal penitentiary for the next 19 years. AUSA Kenneth Dies; AGENCY: OCEDEF.

Ecstasy & Money Laundering

Diana Kathy Ojevich and Aries Mendez were the latest members of a targeted drug trafficking organizations to be sentenced to prison. They were convicted of purchasing and distributing large quantities of MDMA (Ecstasy) and laundering the proceeds. Christopher Mario Quintero, the leader of this narco-money laundering enterprise and his cousin, Jason Quintero remain fugitives. Those sentenced thus far include: Diana Kathy Ojevich - 57 Months; Aries Mendez - 70 Months; Hubert Smith Bass, III - 48 Months, \$5,000 Fine; and Sean Martin Alexander - 63 Months. AUSA Ken Dies; AGENCY: OCEDEF.

When Drugs Have to Get There On Time

Ranulfo Orozco attempted to send cocaine and marijuana in a sealed box from a Federal Express center in Harlingen to Georgia. He now faces a sentence up to 20 years in prison after a Brownsville jury returned a guilty verdict on drug trafficking charges. AUSA: Joe Esquivel.

Marihuana, Cocaine and Meth

Jaswinder Singh Dhillon, John Mendez and Jose Juan Coronado were indicted on several counts involving narcotics trafficking including Possessing with the Intent to Distribute and Conspiring to Possess with Intent to Distribute Marijuana, Cocaine and Amphetamine. In addition, an automobile used in connection with the delivery of narcotics by the trio is pending forfeiture. The maximum statutory sentence each defendant faces is twenty years in prison and a \$ 1 million fine. AUSA Ken Dies; AGENCY: OCEDEF.

Tomball Crack Cocaine Ring

Federal indictments were unsealed in September charging six defendants in the Tomball area with various counts of possession with intent to distribute and distribution of crack cocaine. The ringleaders face up to 40 years and a fine up to \$2 million. The indictments are the result of a joint investigation between DEA's Mobile Enforcement Team (MET) and the Tomball Police Department. AUSA Bob Stabe.

17 Years for Smuggling Heroin

Keith Williams, a St. Louis, Missouri heroin trafficker, was sentenced to 17 years by U. S. District Judge Keith Ellison. Williams who pled guilty on the eve of trial, was one of five indicted for Conspiracy to Possess with Intent to Distribute in excess of 10 kilograms of heroin. Williams was a convicted felon who resided in St. Louis, Missouri and was receiving shipments of heroin from sources in Nuevo Laredo, Mexico. The heroin was being smuggled into the U. S. from Mexico hidden in operational car batteries and then driven across the border at Laredo bound for Missouri. AUSA: Mary Lou Castillo & Noelle Dalrymple; AGENCY: DEA.

Over 27 Years for Drug Trafficking

Felipe Medina-Mar, 38, of Haw River, North Carolina was sentenced to 328 months imprisonment and a \$25,000 fine by U. S. District Judge Janis Graham Jack. The defendant was convicted of 5 counts relating to drug trafficking. Medina-Mar was the head of a drug trafficking operation in existence from 1995 to 1999. This conspiracy transported marihuana by tractor trailer rigs from the Rio Grande Valley and Houston to the Burlington, North Carolina area.

The total amount of marijuana transported was approximately 4,580 kilograms. AUSA: Kenneth Cusick; AGENCIES: DEA, IRS-CID, TX-DPS, Alamance Sheriff's Office.

Rio Grande Valley Attorney Guilty in Drug Trafficking Conspiracy

Juan Ledesma, 50, of Mission pled guilty August 8th before U. S. District Judge Ricardo Hinojosa to the offense of conspiracy to possess with intent to distribute more than 1000 kilograms of marihuana and more than 500 grams of cocaine. Ledesma, a well known attorney in the Rio Grande Valley, has remained behind bars since his arrest in June. He faces from 10 years to life imprisonment and a \$4 million fine. AUSA: Terry Leonard; AGENCY: DEA & IRS.

MAJOR CRIMES

Jury Did Not Get the Internet Joke

In January 2000, 18-year-old Eduardo Morales was skipping school and using the Internet. In the Latino Teen chat room, he and a woman living near Seattle were corresponding. In his e-mail, he told the woman that he was going to kill the teachers and students at Milby High School in Houston because he was tired. Concerned, the recipient of the instant messages contacted the local police, who contacted law enforcement in Houston. Morales was arrested and charged with making threats over the Internet. A jury dismissed Morales' claim that the threat was a joke. Morales was sentenced to two years probation and 200 hours of community service. AUSA Andrew Bobb; HPD & HISD Police.

Fraudulent Passport Application

Pedro Gonzalez, III, 39, applied for a U.S. passport. An investigation determined that Gonzalez was really Filiberto Velasquez. Further investigation determined that he was a Mexican national illegally in the United States. Velasquez pled guilty to the fraud and was sentenced to one year in jail and a \$2000 fine. AUSA. Daniel Rodriguez; AGENCY: Diplomatic Security Service.

Threats Aimed at Senator Gramm

George Calhoon was convicted of threatening to assault U.S. Senator Phil Gramm. A jury found Calhoon guilty of making specific threats of violence in phone messages to Sen. Gramm. Calhoon testified that he did not intend to threaten Senator Gramm but simply sought his help in what he described was a problem with Senator Kay Bailey Hutchison. Sentencing is scheduled for December. AUSA: Cedric Joubert; AGENCY: FBI.

Serial Withdrawal Ticket Bank Robber

On three separate occasions between April and July, Dwayne Sowell entered the same Chase Bank of Texas, in Houston, handed a note to the teller demanding money and indicating he had a weapon. Police were able to identify him by surveillance photos. He pled guilty to committing the three bank robberies, and faces up to 20 years in prison and up to a \$250,000 fine on each conviction. AUSA Daniel C. Rodriguez; AGENCY: FBI & HPD.

Operation Nightrider

Twelve individuals were indicted after a year-long investigation. INS investigation known as Operation Night Rider focused on the organized smuggling and transportation of aliens from the Texas/Mexico border to the Houston area where the aliens were temporarily housed and concealed. The individuals were charged with Unlawfully Transporting Aliens, and Concealing and Harboring Aliens. AUSA Jack Frels; AGENCY: INS.

Houston Man Indicted for Two Bank Robberies

Jeremy Michael Jackson, 25, of Houston, was indicted by a Federal grand jury on two charges of bank robberies in Houston. The indictment alleges that on August 4th the defendant robbed the Bank United located at 5020 San Felipe, and on August 9th, the Washington Mutual Bank at 4081 FM 1960 West. The maximum statutory sentence defendant faces is up to 20 years in prison and up to a \$250,000 fine on each count if convicted. AUSA Daniel Rodriguez; AGENCY: Bank Robbery Task Force; FBI & HPD.

Four Indicted in Nine Bank Robberies

Keith White, Michael Holcomb, Leonardo Onescu and Kari Knapp were indicted for nine bank robberies. According to the indictment, White participated in each of the bank robberies and other defendants, including White's sister, were primarily get-away drivers. Each bank robbery took place at banks located in grocery stores. During one robbery a fake bomb was placed and then left on the counter, shutting down store operations while the bomb squad was called. These individuals face up to 20 years in prison and a fine up to \$250,000 on each robbery charge. AUSA Don Calvert; AGENCY: Bank Robbery Task Force; FBI & HPD.

Child Pornography Cases

Man Sentenced For Possession of Child Pornography

Harold L. Ammons, 50, was sentenced today by U.S. District Judge Samuel Kent after pleading guilty earlier this year to possession of child pornography. Citing the heinous nature of the crime which victimizes children, the most innocent members of our society; Judge Kent upwardly departed and sentenced Ammons to 36 months of incarceration and a fine of \$2,000. Ammons pled guilty to downloading from the Internet onto his home computer pictures of children engaged in a wide variety of sexual acts. Ammons then stored those pictures on computer disks. Federal agents found approximately 50,000 pornographic pictures at his house when they executed a search warrant. AUSA: Andrew Bobb; AGENCY: FBI.

Child Pornography Nets 51 Months

William Roberts, 49, of Natchitoches, Louisiana, was sentenced to 51 months imprisonment by U.S. District Judge Lee H. Rosenthal. Roberts was previously convicted of interstate transportation of child pornography and possession of child pornography. AUSA: Daniel Rodriguez; AGENCY: U.S. Customs Service.

Houston Man Sentenced for Child Pornography

Daryl Lee Brewer, 30, of Houston, was sentenced to 27 months by U. S. District Judge Sim Lake, to a fine of \$6,000. The defendant pled guilty to one count of knowingly possessing computer disks and other material containing one or more images of child pornography. Brewer admitted that he downloaded images of child pornography from the Internet. AUSA: Charles Escher; AGENCY: U.S. Customs.

Possession of Child Pornography

Raymond Kleising, of Pearland, was sentenced to 21 months in Federal prison by U.S. District Nancy Atlas. Kleising pled guilty to possession of child pornography and illegal receipt of child pornography from over the Internet. Judge Atlas recommended that Kleising be sent to a federal prison for sex offenders in Buttner, North Carolina, for additional sex offender counseling. Kleising's illegal child pornography consisted of about 748 photographs of young girls, ages 2 to about 14, engaged in explicit sex acts with grown men. Kleising had been turned in to law enforcement by his then girl friend, who had seen some of his child pornography on his computer. Pursuant to the 1994 Crime Control Act, all violations of federal child pornography laws, including even the mere possession of child pornography, now constitute statutory crimes of violence against children. AUSA Mike Schultz; AGENCY: U.S. Customs Service.

Illegal Reentry Sentencings

Pedro Meza-Roman, 40, was sentenced by U.S. District Court Judge Lee Rosenthal to 87 months imprisonment. The defendant was found guilty of illegally reentering the U.S. after deportation. The defendant has prior convictions for burglary of a motor vehicle, burglary, two assaults, and delivery of cocaine. The defendant was deported and removed to Mexico from the U.S. on two prior occasions. The defendant illegally re-entered the U.S. The defendant was arrested by Immigration Agent in Houston. AUSA: Doug Davis; AGENCY: INS.

Edgar Esquinca-Mejia, 34, a citizen of Mexico, was sentenced by U. S. District Judge Melinda Harmon to 77 months imprisonment. The defendant has prior convictions for illegally reentering the U. S. after deportation, unauthorized use of a motor vehicle, possession of cocaine and DWI. The defendant was previously deported to Mexico from the U.S. The defendant then illegally re-entered the U S. in December 1999 . Esquinca-Mejia ended up in the Harris County jail where he was charged by an Immigration Agent. AUSA: Douglas Davis; AGENCY: INS.



Shotgun and Drugs, Bad Combination

Cameron County Drug Task Force Officers executed a narcotics search warrant at Jose Francisco Pena's residence in Los Fresnos. During the search, Investigators found cocaine, marijuana, and a shotgun. Pena is a convicted felon who has three different felony DWI convictions. He pled guilty to being a felon in possession of a firearm and is to be sentenced in December. Pena faces a possible sentence of 10 years imprisonment. AUSA Joe Esquivel; AGENCY: ATF.

No Time for Waiting Period

Jesus Aranda entered Chuck's Gun Shop in Brownsville and asked to see a firearm. Aranda grabbed a semi-automatic .38 caliber pistol and ran off with it. Aranda was caught, indicted, tried, and found guilty in Brownsville of stealing a firearm from a federal licensed firearms dealer. Aranda is scheduled for sentencing in December and faces a possible sentence of 5 years imprisonment. AUSA Joe Esquivel; AGENCY: ATF.

Convicted Murderer Pleads Guilty of Possession of a Firearm By a Convicted Felon

Thomas Tyrod Rainbolt, 37, pled guilty to the offense of possession of a firearm by a convicted felon. Judge Nancy F. Atlas set sentencing for November 16, 2000.

Houston PD officers were dispatched to a residence in Houston where they found two terrified young woman. The women told how Rainbolt had come home drunk with a gun in his pocket. Rainbolt was belligerent and made threats against their mother. Officers went in the house and found Rainbolt. He had a .380 bullet in his pocket. A .380 caliber was found under the mattress of the bed that he was sleeping on. Rainbolt was charged under Federal law when it was learned that he had a prior Felony conviction for a murder. AUSA: Jay Hileman; AGENCY: ATF & Houston PD.

SPECIAL PROSECUTIONS

U.S. Civil Service Employee Charged With Theft of Mail

Robert Chalk, Jr., 42, of Humble, was indicted for theft of mail matter by an employee. The indictment alleges that on January 6th, Chalk, a U. S. Civil Service employee, removed from the mail a package which had been intended to be conveyed by mail. The defendant now faces up to five years in prison and/or a \$250,000 fine. AUSA: Daniel Rodriguez; AGENCY: U.S. Postal Service.

Cross Burning

A grand jury indicted Matthew Marshall and Corydon Parsons in connection with the June 19th cross burning at the home of an African-American family living in Katy. The three-count indictment charged both with conspiracy to violate the civil rights by violating their right to occupy their home without intimidation and interference because of their race and color; interfering with the housing rights of the victims because of their race and color; and using fire to commit a federal felony offense. Each faces a mandatory minimum of ten years in prison and up to 30 years and fines totaling up to \$500,000. Also charged are three co-defendants who have pled guilty. Darin White, 21, of Katy, pled guilty to the charge of conspiracy to violate the civil rights of the African-American family by violating their right to occupy their home without intimidation and interference because of their race and color.

Wayne Mathews, 20, and Bobby Bergeron, 20, also of Katy pled guilty to the same charge. U. S. District Judge Sim Lake has set sentencing for December 6th. Each face a maximum penalty of 10 years and up to \$250,000 fine. AUSA: Ruben Perez; DOJ Trial Attorney: Daniel Valdez; AGENCY: FBI.

Staged-Accident Insurance Fraud Scheme

Eight family members pled guilty and were sentenced for their roles in staging automobile accidents, then processing phony insurance claims through the medical clinics they owned. The claims documented medical histories for treatment of non-existent or exaggerated injuries allegedly suffered by the accident victims. Many patients were not involved in accidents and never went to clinics for treatment, but their identification information was used to file insurance claims. The scheme involved four medical clinics owned and operated by the defendants. The defendants recruited chiropractors and medical staff to treat the patients referred by "runners" who helped set up the staged accidents. Runners also referred the accident participants to various law offices in Houston. The defendants later recruited their own attorney and leased and furnished a law office in order to handle the fraudulent settlements with eight insurance companies. The insurance companies paid out over \$500,000 in personal injury protection and bodily injury claims to the claimants, attorneys, and medical clinics. Family members received prison terms ranging from 30 to 57 months. AUSA: Edward Gallagher, Jennifer Shasky, a Trial Attorney with the DOJ Organized Crime and Racketeering Section; and AUSA Michael Schwartz; AGENCY: IRS, U.S. Postal Service, FBI.

Imported Harleys

Larry Chabira, of Austin, imported Harley Davidson motorcycles from Germany to the U.S. The motorcycles were, of course, manufactured in the United States by the Harley Davidson Motorcycle Company for sale in Europe and did not comply with the Clean Air Act or the Department of Transportation regulations for motorcycles sold in the U.S. Knowing that the importation of the motorcycles was contrary to the law, Chabira brought four Harley Davidson motorcycles into the

U.S. using forged documents that the motorcycles were in compliance with U.S. laws. Chabira sold the motorcycles to Stubbs Cycles and other motorcycle dealers in the U.S. Chabira was convicted of illegal importation and received three years probation and a fine of \$5,000 from U. S. District Judge Lynn Hughes. AUSA: James Buchanan; AGENCY: U.S. Customs.

Importing Sea Turtle Eggs

A Los Angeles woman, 34, was indicted for smuggling 1500 sea turtle eggs into the United States. Sea turtle eggs are prohibited from being imported without the appropriate permit because of their status as threatened or endangered wildlife. Testimony at her bond hearing indicated that she entered the United States from El Salvador with the eggs in her possession. The maximum punishment for this offense is five years and up to a \$250,000 fine. AUSA Joe Magliolo; AGENCY: U.S. Fish and Wildlife Service, U.S. Customs Service.

Dumping Sewage into the San Jacinto

Gary Wallace is the owner of E. Henderson Grease and Septic which is in the sewage removal and transportation business. Wallace was charged with sending his employees to dump the sewage removed from septic systems into the San Jacinto River instead of disposing of it properly at a licensed facility. Wallace was sentenced to 5 years probation with a condition of 6 months home confinement for his part in the violation of the Federal Clean Water Act after pleading guilty. The San Jacinto River empties into Lake Houston where the City of Houston obtains a substantial amount of its drinking water. AUSA Joe Magliolo & SAUSA John Emerson; AGENCY: Texas Environmental Enforcement Task Force, Texas Natural Resource Conversation Commission, EPA and Texas Parks and Wildlife Department.

New Jersey Corporation Accused of EPA Violation

A one-count criminal information was filed charging Eurecat U. S. with the felony offense of storing hazardous waste without a permit. Eurecat U.S. is a New Jersey corporation which operates a reclamation facility in Pasadena.

Eurecat U.S. is charged with storing toxic catalyst waste containing benzene without a permit issued by the EPA. The maximum statutory penalty for the charge is a fine of \$500,000 and a term of probation of one to five years. AUSA: John Emerson & Joseph Magliolo; AGENCIES: EPA & TX Natural Resource Commission.

Illegal Gambling Business Closed, Owner Sentenced

Kenneth Miller, 38, of Houston, Thomas Whelan Malloy, 28, and Joseph Figueroa, 28, both from Boston, were sentenced for operating an illegal gambling business in Houston between September 1995 and March 1997. The defendants pled guilty to the charges in May 2000, admitting to U.S. District Judge Lynn N. Hughes to conducting, financing, managing, supervising, directing, and owning all or part of a sports betting business that also violated Texas gambling statutes. Search warrants executed by HPD officers executed revealed a sophisticated computerized network server connecting each defendant to an operation that collected over \$18 million in wagers over an 18 month period.

Miller was sentenced to five years probation and assessed a \$3,000 fine. Malloy was sentenced to three years probation and assessed a \$2,000 fine. Judge Hughes sentenced Figueroa to three years probation and assessed a \$1,000 fine. Jeffrey Lynn Warren, 40, Houston, was also charged and pled guilty to the charges. Warren will be sentenced later in October. AUSA: Edward Gallagher; AGENCIES: FBI & Houston PD.

Three Guilty in 419 Fraud Scheme

Kingslely Kalu Ireke, of Houston, and two co-conspirators John Nasky Okonkwo and Jarome Godwin Okwudi pled guilty to conspiring. The scheme, called 419 from the Nigerian penal code section that expressly prohibited it, involved promised a targeted victim \$15,500,000 if he would come to Houston to take possession of the funds and pay \$23,000 to cover transferring the money.

In June, Ireke, Okonkwo, and Okwudi drove to the Marriott Hotel at the Bush Intercontinental Airport where they advised the intended victim that the money had been defaced with a chemical and

would have to be "cleaned" before it could be taken to a bank. The victim paid a sum of money to the defendants, and the defendants were immediately arrested by special agents of the Houston Area Fraud Task Force. Ireke had the victim's names as well as names of several other potential fraud victims with corresponding dollar amounts in his briefcase.

The three face up to 5 years and a \$250,000 fine. Sentencing is set for November. AUSA: James Buchanan; AGENCIES: FBI, INS, HAFTF, DEA, DPS-Texas Rangers, U.S. Secret Service, Houston Police Dept., Harris Co. Sheriff's Office, Postal Inspection Service.

Extortion and Retaliation Against a Witness

Hoa Duy Dinh, 25, of Houston, was convicted of one count of conspiracy to extort, 15 counts of extortion, one count of using a firearm during the commission of a crime of violence, and one count of retaliating against a witness. A guilty verdict was returned following a three-day trial before U.S. District Judge Sim Lake. The jury convicted Dinh for extorting cash from Vu Bida Billiards, a local pool hall that formerly operated in Houston. The business opened in early October 1999. Dinh entered the business in early November and demanded money from the owner. When the owner refused, Dinh pulled out a handgun and fired several shots into the ceiling of the business. The owner began making payments following the shooting. He paid Dinh and others periodic sums of cash toward the \$400 a month demanded by Dinh's gang as "protection money." Dinh threatened the owner for contacting law enforcement authorities about his extortion demands.

Dinh and two co-defendants are scheduled to be sentenced on November 20, 2000. Dinh faces up to 20 years for each count of extortion, ten years for witness retaliation, and a mandatory five year consecutive sentence for using a firearm in the commission of extortion. A fourth co-conspirator, Hoang remains at large and is wanted by local and federal authorities for federal extortion and retaliating against a witness. Anyone having information about this crime or the whereabouts of Hoang are being asked to call the local FBI office at 713/693-5000. AUSA: Edward Gallagher & Larry Easttepp; AGENCY: FBI & Harris Co. Sheriff's Office.

Last Two Defendants in Thai Female Smuggling Case Plead Guilty

Sriwan Sakyai, 28, Houston, and Ratiporn Tantirojanakitkan, 30, Los Angeles, pled guilty before U.S. District Judge Kenneth M. Hoyt to a conspiracy involving the importation and transportation of females from Thailand to the U.S. for prostitution.

Sakyai and Tantirojanakitkan admitted that between May 1998 and May 2000, they participated in an international smuggling ring based in Bangkok that imported females from Thailand and Chinese nationals into the U.S.

Sakyai was a manager in the organization and in February 2000, introduced undercover INS agents to her bosses in Bangkok, Thailand. The scheme ultimately imported into the U.S. a man and a woman from China on February 25, 2000, and two women from Thailand on February 27, 2000. The negotiated price for each of the Chinese nationals was \$18,000. The negotiated price for each of the Thailand nationals was \$15,000. The Chinese nationals were flown to Houston and picked up by Tantirojanakitkan who transferred them to relatives in New York City.

Sakyai also purchased five immigration documents between October 1999 and April 2000, from an undercover INS agent. She paid \$3,000 cash for each document. Sakyai and Tantirojanakitkan are scheduled to be sentenced on November 20th.

Defendants face up to ten years imprisonment for each charge relating to transportation of aliens for prostitution and immigration document fraud, and up to five years imprisonment on related charges. Additionally, each defendant faces fines up to \$250,000 for each charge. Sawat LNU and Yu LNU, remain fugitives in Bangkok, Thailand, and a request for their extradition is expected. AUSA: Edward Gallagher; AGENCIES: INS & FBI.

FRAUD

Mail Fraud while on Supervised Release for Bank Fraud

Chiweta Biosah, 33, was convicted of using the U.S. Postal Service to execute a scheme to defraud Paine Webber and Bank One. Biosah assumed the identity of numerous unsuspecting individuals, stealing and using their credit history and social security numbers to apply for credit and open investment accounts. Biosah also used stolen identity information to open commercial postal boxes to which the fraudulent credit applications and unauthorized credit cards would be mailed.

Biosah was sentenced by U.S. District Judge David Hittner to 57 months in prison following his conviction for five counts of mail fraud and one count of making false statements to an agency of the United States. Biosah was also ordered to pay restitution to the victims of his offenses in the amount of \$866,507. Biosah was serving a five-year term of supervised release already from a previous Federal prison sentence for bank fraud. His term of supervised release was revoked and Biosah was sentenced to an additional 18 months to be served consecutively to the sentence in the current case. AUSA: James Buchanan; AGENCIES: U.S. Secret Service & Houston Area Fraud Task Force.

Eight Indicted for \$30 million Mortgage Loan Fraud

Frank D. Mei, Sr., 59, Frank Domenic Mei, 37, of Cypress, Kevin Mei, 36, of Houston, Daniel Mei, 29, of Houston, Phillip Durbin, 39, of Cypress, Thomas Polcyn, 41, of Spring, Alvin Loupe, Jr., 30, of Friendswood, and Joe Bob Moncrief, 54, of Houston, were indicted by a federal grand jury of money laundering and bank fraud in connection with a fraudulent mortgage loan scheme.

The Meis, including Frank D. Mei, Sr. and his three sons, Frank, Kevin and Daniel, have operated in the Houston area under many business names, including but not limited to Mei Enterprises, BCM Builders, Zeno Properties, Ashridge Enterprises,

Hathaway Properties, T & E Investments, Inc., Foresite Mortgage, Innovative Residential Funding, Advanced Residential Funding, Venture Southwest Realty and Bernard Management, among others. Thomas Polcyn operates in the Houston area, doing business as Western Lending and as St. Andrews Development. Joe Bob Moncrief is an independent real estate appraiser.

The defendants allegedly located houses listed for sale in the Houston area, obtained fraudulent appraisals inflating the value of the houses by approximately \$100,000, and applied for mortgage loans in the names of straw borrowers. Based on the false statements about the true value of the houses and the identities of the borrowers, banks and other lenders have funded loans in a total amount greater than \$30 million beginning in approximately April, 1996. The maximum statutory sentence each defendant faces is 30 years in prison and a \$1 million fine. AUSA: Jane Harmon; FBI, Dept. of Urban Development-OIG, IRS-CID.

51 Months for Mail Fraud & Interstate Transportation of Stolen Property

John Rockett, 60, of California, was sentenced to 51 months in prison by U. S. District Judge Vanessa Gilmore. Rockett pled guilty in May to two counts of mail fraud and to seven counts of Interstate Transportation of Stolen Property. Rockett operated a telemarketing scheme from California, having others solicit potential investors to invest in a company named Pro-Tex Corporation. Investors were led to believe that Pro-Tex Corporation had an office in Houston and that the company was in the business of buying and selling tubular pipe. In actuality, none of the funds solicited from investors were spent on purchasing tubular pipe. The scheme ultimately defrauded approximately 200 investors of over \$2.5 million. Rockett had been previously convicted in both California and Kansas on a different case involving investor fraud. AUSA: Charles Escher.

Bank Vice-President Sentenced

Ruben Garza, 36, of Brownsville was sentenced by U.S. District Court Judge Filemon Vela to 2 years imprisonment, restitution of \$189,000 and a criminal forfeiture of \$69,000. The sentence was imposed following Garza's guilty plea to a three-count

criminal information charging him with embezzlement, engaging in a monetary transaction with proceeds of a crime, and to a count alleging criminal forfeiture. Garza was an assistant vice-president at a federally insured Brownsville bank. From 1996 until he resigned in 1999, Garza handled the private banking of several U.S. and Mexican companies. Garza debited the accounts over which he exercised control, without the account holder's permission, and acquired cashier checks with which he purchased merchandise for himself or his family, defrauding the bank and its customers. AUSA: Ron Morgan; AGENCY: FBI.

Tax Return Preparer Pleads Guilty

Amie Hardy, 53, pled guilty to aiding in the filing of a false income tax return for one of her clients. Hardy, also known as Jeannie Hardy, of LaMarque, originally was charged with 14 counts of aiding and assisting the filing of false income tax returns and one count of obstructing and impeding the IRS from administering the tax laws.

The indictment alleged that Hardy prepared 14 tax returns for six clients over a three year period which contained fraudulent deductions and credits designed to obtain a larger refund for her clients. The indictment further alleged that Hardy obstructed the IRS investigation of her return preparer practice by coaching her clients to lie to the agents conducting the investigation and by providing false documentation to her clients to give to the agents. According to the indictment, Hardy provided false details to her clients regarding fictitious farming activities, such as the location of the farm and where, and from whom, feed was purchased. Hardy even went so far as to provide the names of individuals who would be unable refute the lies because they were either dead or drunk.

During her guilty plea, Hardy admitted that she had called one of her clients and asked if he would give her one-half of any tax refund she could get for him over the refund amount he was otherwise entitled to. The client agreed and Hardy advised him in the same telephone conversation that she could get him an additional \$4,000 refund for a \$2,000 fee. Unbeknownst to Hardy, her client taped the entire conversation and eventually turned the tape over to IRS investigators.

PROGRAMS



DEFY 2000 Summer Camp Completed

The U.S. Attorney's Office sponsored four Drug Education for Youth (DEFY) programs for children in Weed and Seed communities this summer. The DEFY summer camps were a great success and genuinely appreciated by the over 100 children who participated. The Weed and Seed Coordinators in Brownsville, McAllen, Corpus Christi, and Gulfton led the camp programs which instill self respect as part of the summer camp fun.

The Brownsville Weed and Seed Site took their DEFY program to the U.S. Coast Guard Station on South Padre Island and learned what it meant to be a "Coastie." Their program ended with a ride in a Coast Guard Patrol Boat and demonstration on duties required by the U.S. Coast Guard. The other three sites took their DEFY program to Fort Sam Houston in San Antonio where they learned how the U.S. Army conducts military training each day.



Corpus Christi Weed & Seed Coordinator, George Hodge, getting ready for a hot DEFY day.

Operation Crackdown

Operation Clean Sweep launched its sixth mission in Corpus Christi with the Texas National Guard in September. The National Guard Combat Engineers applied their training exercise into ridding the neighborhoods of 20 abandoned, uninhabitable buildings that had become drug havens. Clean Sweep began as part of the Weed & Seed program in Corpus Christi where citizens and police identified houses that are sites of illegal drug activity. The Texas National Guard Drug Demand Reduction Program demolishes the buildings. Throughout this national program, National Guard units across the country not only rid communities of drug havens, but also increase their military readiness by providing necessary training exercises for guard members.



Law Enforcement Coordinating Committee

UPCOMING TRAINING EVENTS

Gulf Coast Regional Conference on Violence
and It's Aftermath

Date: December 13-15

Place: New Orleans, LA

Intended Audience: Law Enforcement and
Victim Advocates from Texas, Louisiana,
Mississippi and Alabama

Trainings To Be Announced:

Grant Writing Seminars

Cybercrimes Seminar

Crossborder Law Enforcement Meeting



Five Communities to Seek Weed and Seed Designation

Laredo and Texas
City have filed letters of
intent with the Executive
Office for Weed and Seed
for first-time official

recognition as Weed and Seed communities. Mayor Lee Brown also filed letters on behalf of two Houston neighborhoods, Greater Fifth Ward and Near Northside. Corpus Christi's Northside community was the first Weed and Seed site in the district. The Corpus Christi site is completing their fifth year of designation and must reapply to renew their official recognition status.

The City Manager of Laredo, Larry Dovalina, pointed out in his letter that Laredo is strategically located along the Southwest Border, and has become one of the nations's busiest land ports-of-entry. In Houston, the highly successful Gulfton Weed and Seed program has become a national model. Mayor Lee Brown noted that many Houston neighborhoods expressed interest in the Weed and Seed program, but the two neighborhoods selected can realize most direct benefit from the initiative. Mayor Carlos Garza of Texas City expressed confidence that the existing community infrastructure of this vital Gulf Coast city of about 50,000 will develop a successful Weed and Seed program.

FOR MORE INFORMATION CONTACT:

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